
SUBSTITUTE SENATE BILL 6393

State of Washington

54th Legislature

1996 Regular Session

By Senate Committee on Financial Institutions & Housing (originally sponsored by Senators Prentice, Hale, Smith, Fraser, Sellar and Roach)

Read first time 02/02/96.

1 AN ACT Relating to authorizing the collection of fees and
2 prepayment penalties for consumer loans; and amending RCW 31.04.105.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 31.04.105 and 1994 c 92 s 167 are each amended to read
5 as follows:

6 Every licensee may:

7 (1) Lend money at a rate that does not exceed twenty-five percent
8 per annum as determined by the simple interest method of calculating
9 interest owed;

10 (2)(a) In connection with the making of a loan that is not secured
11 primarily by real estate, charge the borrower a nonrefundable, prepaid,
12 loan origination fee not to exceed four percent of the first twenty
13 thousand dollars and two percent thereafter of the principal amount of
14 the loan advanced to or for the direct benefit of the borrower, which
15 fee may be included in the principal balance of the loan;

16 (b) In connection with the making of a loan that is secured
17 primarily by real estate, charge the borrower a nonrefundable, prepaid
18 loan origination fee, which may be included in the principal balance of
19 the loan;

1 (3) Agree with the borrower for the payment of fees (~~for title~~
2 ~~insurance, appraisals, recording, reconveyance, and releasing~~) to
3 third parties who provide goods or services in connection with the
4 preparation of the borrower's loan, including, but not limited to,
5 credit reporting agencies, title companies, appraisers, structural and
6 pest inspectors, and escrow companies, when such fees are actually paid
7 by the licensee to a third party for such services or purposes and may
8 include such fees in the amount of the loan. However, no charge may be
9 collected unless a loan is made, except for reasonable fees properly
10 incurred in connection with the appraisal of property by a qualified,
11 independent, professional, third-party appraiser selected by the
12 borrower and approved by the lender or in the absence of borrower
13 selection, selected by the lender;

14 (4) Charge and collect a penalty of ten cents or less on each
15 dollar of any installment payment delinquent ten days or more;

16 (5) Collect from the debtor reasonable attorneys' fees, actual
17 expenses, and costs incurred in connection with the collection of a
18 delinquent debt, a repossession, or a foreclosure when a debt is
19 referred for collection to an attorney who is not a salaried employee
20 of the licensee;

21 (6) Make open-end loans as provided in this chapter;

22 (7) Charge and collect a fee for dishonored checks in an amount
23 approved by the director; and

24 (8) In accordance with Title 48 RCW, sell insurance covering real
25 and personal property, covering the life or disability or both of the
26 borrower, and covering the involuntary unemployment of the borrower.

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